

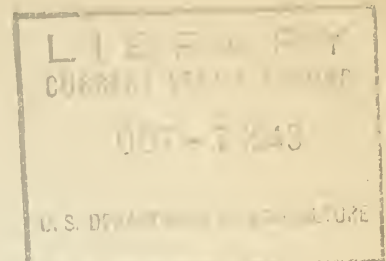
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Cap. 2

WAR FOOD ADMINISTRATION  
Food Distribution Administration  
Washington 25, D. C.



September 2, 1943

PROCUREMENT MEMORANDUM NO. 2

To: All Branch Chiefs,

From: Ralph W. Olmstead, Deputy Director

Subject: Memo of Understanding with Smaller War Plants Corporation

There is attached for your information a copy of a memorandum of understanding between W.F.A. and S.W.P.C. which sets up a working relationship with that corporation. Please read this memorandum carefully. This agreement provides that each commodity branch in F.D.A. will designate a liaison officer to work with S.W.P.C. to facilitate development of this cooperative program. Will you advise me by September 8, as to the name of the liaison officer from your branch, so I can forward his name to S.W.P.C.

Under the memorandum F.D.A. agrees to furnish S.W.P.C. information on F.D.A. supply programs far enough in advance for S.W.P.C. to determine whether there are any small plants capable of furnishing the commodity. The term "supply program" refers to our long time or overall purchase program, rather than to each individual purchase announcement. However, we should make it a practice to forward to S.W.P.C. for its information, copies of each purchase announcement as soon as these are released.

After receipt of the information contained in our supply programs S.W.P.C., through its liaison officer should advise us as to the names of any small plants capable of producing the product we need. These vendors then should submit offers just like any other vendor. Contracts should be awarded to these plants on the same basis as to any other plant. This means that they must meet these qualifications:

1. They must be able to produce a product which meets F.D.A. specifications and be able to deliver the commodity on schedule.

2. They must be located in areas where they will fit in our program from the transportation standpoint.

3. The purchase price must not be in excess of ceiling prices and within the range of bids received from other vendors.

I have asked Otis M. Reed to supervise and coordinate this program. If you have any questions, please contact him.

*Ralph W. Olmstead*

Attachment

F-964

UNITED STATES DEPARTMENT OF AGRICULTURE  
Food Distribution Administration  
Washington 25, D. C.

Memorandum of Understanding  
Between the Smaller War Plants Corporation  
and the War Food Administration

Inasmuch as Congress, (1) in the Smaller War Plants Act (Public Law 603, 77th Congress, approved June 11, 1942), has enunciated a policy of aid to small business concerns through encouraging and aiding the letting of war contracts to such firms, and (2) in the Lend-Lease and other Acts set forth a policy and mechanism for providing war materials, including food, to our Allies, the participating parties (Smaller War Plants Corporation (SWPC) and the War Food Administration (WFA) desire to cooperate to the fullest extent consistent with the effective accomplishment of their respective functions as a part of the over-all war program. Therefore, it is hereby mutually agreed as follows:

1. WFA, through the Food Distribution Administration, will advise SWPC with regard to allocations of food each quarter as approved by the War Food Administrator.

2. SWPC will regard FDA as the sole source of official food allocation information.

3. FDA will furnish SWPC with copies of their supply programs in sufficient time for SWPC to attempt to find and designate plants which can perform the service or furnish the commodity in such supply programs. Further, FDA will furnish SWPC information with respect to new procurement programs, in order that SWPC may determine whether plants can be found and designated by it as suitable sources of supply for items in such new procurement. SWPC will send FDA as soon as possible a list of plants designated by SWPC as suitable sources of supply for items in such new procurement programs.

4. FDA will appoint liaison officers in each branch, who will serve as the sole contact point at the Branch level between SWPC and FDA, and SWPC similarly will designate a liaison officer or officers to work with the liaison officers of FDA.

5. Inasmuch as FDA procures many items in its supply programs through the use of regulatory orders which require most or all of the existing plants, irrespective of size, to set aside for sale to gov-



ernment procurement agencies a specific percentage of their production, SWPC will not designate plants that could furnish such items in those cases where the FDA procures its supply items from first processors or wholesale receivers; Provided, that FDA will furnish the information specified in paragraphs (1) and (3) hereof, irrespective of whether the commodities listed in such information are procured under set-aside orders.

6. FDA procurement officers will award contracts to plants designated by SWPC, subject to the following conditions:

- (a) The FDA Branch will determine whether the plant can perform the services, or furnish the commodity, as required by FDA specifications and standards. FDA Branches will advise SWPC as to the improvements or changes in processing techniques necessary in order that the plant be in a position to meet the required standards.
- (b) The prices paid do not exceed ceiling prices in all cases in which FDA is purchasing commodity at ceiling prices, or at bid prices in line with other awarded bids in case commodity is not purchased under ceiling prices. "In line" is stated to mean that the intent of Public Law 603 concerning higher prices which may be paid to the small plant will be given due regard, and counter offers to firms recommended by SWPC will be made, in case of prices bid by them that are above the range of prices of acceptable bids, so that such firms may have an opportunity to bring their bid prices within the range of prices set forth in the acceptable bids.
- (c) The plant is situated so as to fit logically into FDA supply programs; that is, the plant is in proper position from the standpoint of transportation.
- (d) The plant can deliver to the time schedule set for the purpose of FDA supply programs.

7. SWPC has found it advantageous, in working with Government procurement agencies, to develop with such agencies an allocation of a proportion of each procurement for which SWPC is sponsoring plants, said allocation to be filled by plants sponsored by SWPC. Accordingly, FDA procurement officers, in cooperation with SWPC liaison officers, may develop allocations of procurement to be filled by SWPC sponsored plants; Provided, that awards to SWPC plants within such allocations shall be governed by the conditions set forth in paragraph numbered 6 of this memorandum.

8. SWPC liaison officers may participate in the consideration of bids with respect to procurement in which SWPC has an interest.

s/ Ralph W. Olmstead  
Acting Director, Food Distribution Administration

s/ A. Abbot Smith  
Acting Chairman, Smaller War Plants Corporation

